ctober 25, 1961

Investor's Reader

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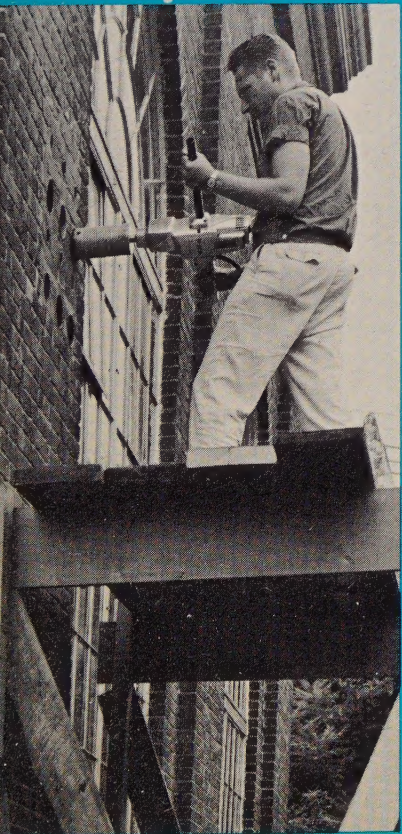

HAND AND POWER TOOLS AT STANLEY WORKS
(see page 21)

LANVIN LOOK

Just a spray from her slim purse flacon, designed by world famous jeweler Cartier, bathes this young miss in the provocative glamor of My Sin perfume. This inciting scent together with equally famous Arpege perfume is imported and distributed in the US by Lanvin-Parfums Inc. The company also imports Lanvin fragrance concentrates (all scents are made by French perfumer Ets Lanvin-Parfums SA) for blending into toilet waters, bath oils, dusting & talcum powders and soaps. Lanvin believes it is the largest US distributor of quality French perfumes and its Arpege the No 1 brand.

Lanvin-Parfums had sales of $16,700,000 last year, a 21% increase over 1959, and netted $1,800,000 or 84¢ a share v 71¢. Success continued this year with first half sales up 6% to $5,000,000 and earnings 18¢ as against 16¢. But most of the business is done in the second half where the company reports "continued improvement in the third quarter" with sales up 12% or double the first half gain. For the important Christmas quarter Lanvin expects a further gain which could bring earnings to a new record of $1 a share. Future growth is hoped for through extension of current lines and addition of new fragrances like one-year-old Crescendo.

Lanvin stock first became available to the public in July at an offering price of 20. After but two months of over-the-counter trading the stock was promoted to the Big Board where it now trades under the symbol LNV at 27. While there are 2,240,000 shares outstanding, Lanvin-Parfums SA of France owns 54%, American Lanvin president Edouard L Cournand & spouse another 24%. This leaves only 440,000 shares in the hands of the public. Its almost 6,000 shareholders receive quarterly dividends of 8¢ which makes for a yield of 1.1%.

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Investor's Reader

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The Matter of the Heart

Medical Findings May Saturate Interest in Poly-Unsaturate Producers

INCREASINGLY health-conscious Americans have in recent years heard more & more about a waxy substance in their blood called cholesterol. Though no one really knows too much about just how this tasteless & odorless crystalline alcohol works in the body, it has been authoritatively indicted as an accessory in heart disease. One result has been a relatively restrained boom in certain cholesterol-avoiding food products, particularly margarine and vegetable oils put out by such major food distributors as Corn Products, Swift and Standard Brands.

Scientists believe cholesterol is somehow essential to the development of brain and body tissues. What has caused its bad press is that doctors have found a high level of blood cholesterol forms deposits on the walls of the arteries and causes atherosclerosis. This frequently leads to coronary thrombosis and other heart ailments which kill half a million Americans each year. And present indications are cholesterol is synthesized in the body from hydrogen-saturated fatty acids which are abundantly present in meat, milk products, coconut and chocolate—all foods Americans consume in large quantities.

The American Heart Association was sufficiently convinced by the evidence of a relationship between the amount and type of fat consumed and the incidence of heart disease to issue a report in late 1960 which recommended diet modification under medical supervision for those who: 1) are overweight; 2) have had one heart attack; 3) (men only) have a family history of heart or blood vessel disease or themselves have high blood cholesterol levels. Specifically the Heart Association suggests "eat less fat" and "substitute a substantial amount of liquid vegetable oils for the solid animal fats

such as butter and the fat in meat."

Unlike cholesterol-building animal fats, most liquid vegetable oils contain largely fatty acids which are either mono-unsaturated (as in olive oil) in which case they do not seem to affect the cholesterol in the body in either way or poly-unsaturated which actually seem to diminish the level of cholesterol in the blood. For instance corn oil contains large amounts of poly-unsaturated linoleic acid.

Unfortunately when vegetable oils are processed into products like margarine, they are usually hydrogenated (that is, saturated with hydrogen) to solidify them. And that of course automatically forfeits the poly-unsaturated benefits.

Spurred by the prospective demand aroused by the medical reports, however, vegetable oil producers and processors are hard at work on margarines which remain substantially unhydrogenated. One processor explains "substitution of poly-unsaturated margarine for butter is probably the most painless switch which someone told to cut down on animal fats can make."

But while producers of new-type margarines hope to capture a substantial clientele from butter and other dairy items, a good portion of their sales may also be simply diverted from their own regular-style margarines. Furthermore, if patients heed their doctors on switching to poly-unsaturated fats, they might also be willing to decrease their total fat consumption and buy less margarine and cooking oil as well as butter. And on the other side of the table, it is questionable how many gourmets will abandon butter and cream, any more than most inveterate smokers have heeded admonitions against cigarets.

So far, however, these considerations have not slowed the efforts of margarine makers to bring out varieties with larger proportions of liquid unhydrogenated oil.

Margarine Maze

The first such product was Emdee introduced three years ago by Allied Labs (now part of Dow Chemical). Emdee sells in drugstores for \$1 a pound can. Dow consumer products manager Parker Frisselle says plans to develop Emdee into a national grocery store item were dropped because in the meantime meatpacker Swift developed another way to make a poly-unsaturated margarine. Swift's Award brand is not quite as highly unsaturated as Emdee according to the Dow manager but it can be wrapped in sticks while Emdee must be canned. Parker Frissell states Dow will continue to make Emdee for drug store sale but allows "it will never be a big product."

Another highly poly-unsaturated margarine is Corn Products' Mazola which made its debut a year ago (IR, Nov 9, 1960). By contrast, Fleischmann's Corn Oil Margarine made by Standard Brands is only about 10% poly-unsaturated but with more than a year's start in the nation's supermarkets, Fleischmann's readily outsells its rivals. In fact, Standard Brands claims Fleischmann's Corn Oil Margarine is second only to its own standard-priced (and hydrogenated) Blue Bonnet in the

entire margarine field. Standard also offers Fleischmann's Sweet Unsalted Corn Oil margarine (30% poly-unsaturated) but it must be kept in the freezer and sales are far lower. A Standard Brands representative also insists the new corn oil margarines have not cut into Blue Bonnet sales which have continued to rise.

Corn Products vice president Howard Harder reports Mazola margarine, though not leading its field, is running slightly ahead of original sales objectives. During the past year Corn Products has also brought out a new version of its standard Nucoa with the poly-unsaturate ratio stepped up. New Nucoa is popularly priced around 30¢ a pound while Mazola margarine fetches about 39¢ for its higher content of linoleic acid. Award and Fleischmann's also sell in the latter bracket.

Corn Products is spending about $5,000,000 this year to advertise its improved products on TV, radio and in Sunday supplements. Howard Harder cites as favorable factors for promotion purposes the familiarity of the name Mazola and its felicitous association with corn oil.

Until recently, corn oil was the most highly poly-unsaturated vegetable oil commercially available. One consequence of the demand inspired by the anti-cholesterol quest has been a boost in corn oil prices from about 12¢ a pound to 20¢ in the last year.

Lately a new source with even higher poly-unsaturated content has been put forward, primarily by West Coast oil, meal and rice specialist Pacific Vegetable Oil. This is the oil of the safflower plant, an aster-like herb with pretty orange flowers which grows in dry areas of the West.

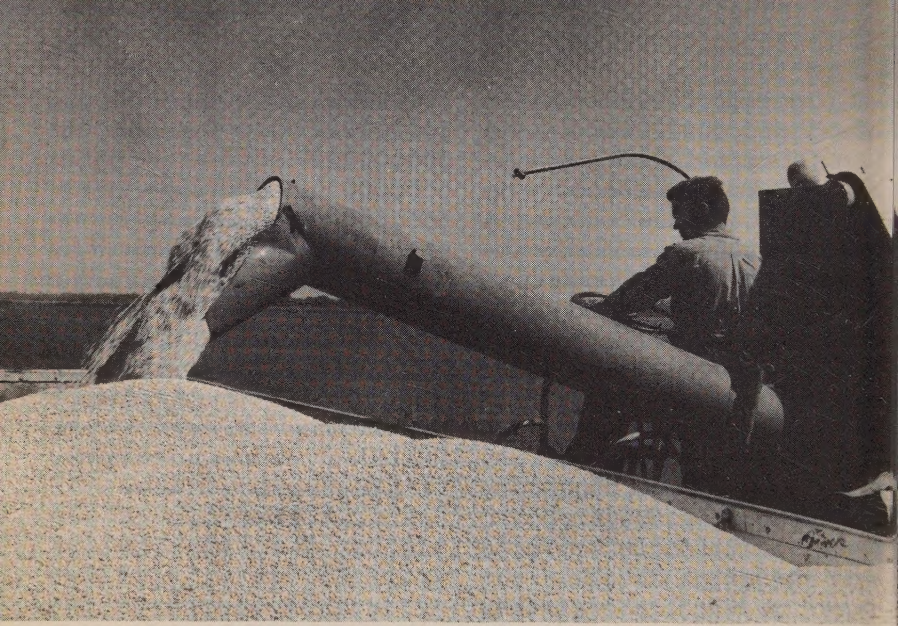
Pacific Vegetable (which likes to call itself PVO) pioneered in producing safflower as a source of industrial oil. Although it was aware of the oil's nutritional value, industrial oils were fetching better prices. But in 1956 medical research findings awakened PVO to the edible oil potential since safflower oil has a 9-to-1 ratio of poly-unsaturates to saturates, double that of corn oil.

Saffola Oil

In June the company began test-marketing its "Saffola" salad oil in the Sacramento-Stockton, Cal area and president B T Rocca Jr reports it was getting 5% of the market by the end of September.

President Rocca says PVO will probably introduce a Saffola margarine sometime after Christmas. It has teamed with Durkee Famous Foods Division of Glidden Company to develop safflower margarine oils for sale to other manufacturers. Ac-

Safflower blooms & Lever product



Safflower seed harvest

cording to Glidden, safflower oil demand for margarine alone could reach 40-to-50,000,000 pounds. PVO's own production was about 2,000,000 pounds last year and Barney Rocca projects 1961 production at 6,000,000.

Imperial and Good Luck margarine maker Lever Bros, US subsidiary of world wide Unilever (see page 5), has just begun to test-market a new safflower margarine called "Golden Glow." Lever calls its prospects "quite attractive."

General Mills is working with PVO on development of safflower cooking and salad oil; the two jointly own a processing plant in Sidney, Neb.

However, Barney Rocca concedes development of the safflower oil market "has taken longer than we thought." He cites time consumed in research and the public's unawareness of safflower. He hopes to alleviate this with a $2,500,000 national advertising campaign in the year ending next June. The projected substantial advertising and development costs will tend to eat into profit margins over the nearer future.

Most makers, in cognizance of Federal Food & Drug Administration dicta, put their advertising emphasis on the corn oil content of their products and merely suggest readers consult their doctors about its healthful properties. But Barney Rocca says PVO will "come right out and say that safflower oil is helpful in reducing blood cholesterol." If the FDA objects PVO is prepared to defend its position in court. The decision in such a case might be long in coming. But eventually it could well be decisive in the history of safflower oil—and the promotion of many a future "health food."

NATIONAL ECONOMY
Allis Sacrifices

NOT VERY OFTEN are salaried employes asked to take a pay cut when profits are threatened. But this unpleasant fate was meted out this month to the 13,000 white collar workers of farm, electrical and industrial machinery maker Allis-Chalmers Manufacturing Company. The cuts run from 5% for the less-than-$10,000 a year men up to 25% for the highest paid executives including president Robert Shutt Stevenson ($121,000 last year).

The company was unable to provide any word about the cut's duration but promised it was a "stopgap measure" which would last "only until extensive costs and expense-reducing activities already programmed take their salutary effect."

Stockholders—and Allis has nearly 70,000 of them as against only 32,000 employes—had already been called upon to share in the sacrifice when the 37½¢ quarterly dividend was sliced to 25¢ effective September. The stock which pushed as high as 40 early last year now sells around 21.

Allis-Chalmers hopes this message of mutual sacrifices will be understood by the unions with whom its present contract runs out November 1. Negotiations are now under way.

So far the unions have shown sympathy with Allis problems but not with its pay objectives. In fact the leader of the main local at West Allis (outside Milwaukee) is trying to enlist the salary-sliced white collar workers. However most of the salaried employes appear to have accepted their fate with only moderate grumbling and what one observer calls "surprising calm." In what might be a significant sign, white collar workers at the Pittsburgh plant just voted down union affiliation.

Basically, the company lays its problems to the effects of last year's recession which cut earnings from $2.47 a share in 1959 to $1.12 in 1960 and caused another drop to 50¢ (*v* 83¢) in the first half this year. However the company insists "we have no fundamental problems our competitors don't have." It feels improvement set in during the second quarter and counts on the second half to be better than the sorry final half last year.

WALL STREET
Unilever at the Doorstep

EUROPE'S major companies lead an active market life on the US side of the Atlantic. The incentive has been the sharp rate of growth in European industry since the war and the way has been eased by the use of American Depositary Receipts, certificates which indicate the holder has an interest in underlying shares of the company on deposit in a European bank.

One such is Unilever, the giant Dutch-English food concern (IR, January 16). ADRs of both its Dutch-organized company Unilever NV and its British sister company Unilever Ltd are traded over-the-counter in the US. Now Unilever has indicated it would like to join the select group

of European companies listed on the NYSE. It includes Royal Dutch Petroleum and its British partner "Shell" Transport & Trading and Italian chemist Montecatini.

Chief deterrent to Big Board listing for the European companies has been the Exchange's stringent requirements on reporting of financial results and grant of voting rights to shareholders. Listing of Unilever could set an important example for other European companies.

The question of voting rights has been the big stumbling block for Unilever which off & on for several years has been talking with the Big Board. The concern is divided into the two main companies for tax reasons and the two operate as one by having identical directorates and an equalization agreement on profits. To obtain the identical directorates, the companies each have a class of deferred shares controlled by management which have the sole right of making nominations for the board. The holders of ordinary shares may vote or not vote for this board as they choose but no other nominations are entertained.

Unilever's announcement that discussions with the Big Board are underway is considered a sign of determination to do something to overcome this obstacle. Meanwhile the company has taken steps to split 4-for-1 the stock of the British company whose ADRs currently trade around 21. There are rumors of a 2½-for-1 split in the Dutch shares which are quoted around 114 for the ADRs, up a dozen points since the rumors came out.

CHEMICALS

Cal Ink on the Press

LITTLE KNOWN to most investors is the 70-year-old California Ink Company of San Francisco. Although it has only $9,000,000 assets, it is the largest commercial ink manufacturer in the West and ranks among the top half dozen ink makers in the country. President John C Lyman says "we are the only remaining one of our size still independent * * * many people want to buy us but we are not for sale."

This philosophy may reflect the unusual circumstances by which 49-year-old John Lyman came to Cal Ink. He first met present chairman Chalmers G Graham, now 66, in 1957 when Lyman was dispatched on a big deal—to investigate acquisition of Cal Ink for Golden State Company of which he was a vice president.

Ink Independence

However Chalmers Graham, who was and still is principal stockholder of Cal Ink, was more interested in adding new management vigor than selling out. He hired John Lyman as executive vice president and two years later Lyman took over as president. Among president Lyman's non-business credits are a BS degree, a Phi Beta Kappa key and a masters in physical chemistry from Stanford, a twice-held world championship in shotputting and five years War II duty as a Navy commander.

Commercial printing ink is a quarter-billion-a-year business and the National Association of Printing Ink Makers describes it as "an amorphous industry which keeps its formulas and figures close to the belly." An of-

New ink passes inspection by publisher Brown, ink maker Lyman

ficial of the association says the big news these days is "the entrance of some billion dollar owners. This is most unusual."

The billion-plus newcomers are: 1) Borden which bought Commercial Ink & Lacquer of Fair Lawn, NJ last year and Hawley-Monk of Cincinnati in February; 2) Cities Service which expects to merge with leading ink maker Columbian Carbon before year end and 3) newly merged Martin-Marietta which took over No 3 ink maker Sinclair & Valentine in 1958. Still first in the industry is Interchemical Corp which accounts for about 40% of output (IR, Feb 17, 1960); second is Sun Chemical (IR, Sept 28, 1960).

John Lyman says California Ink has some noteworthy items today and some "very interesting developments ahead." Latest attention-getter is a new "water-type" newspaper ink which combines several advantages to publishers: 1) sharper print; 2) clearer photo and color reproduction; 3) reduced ink "misting" in the pressroom and 4) less "show-through" on the page. The result of three years of research, the new ink was first tried commercially in May by the San Raphael, Cal *Independent Journal* and greeted with enthusiasm by publisher Roy Brown (see picture). It is also being tested by the San Francisco *Chronicle*.

President Lyman cautions: "We're taking it easy with the ink to insure orderly development * * * It will probably be eight months to a year before we have it on a commercial basis." Nevertheless he already has property, costs and plans for "several plants in strategic locations" and anticipates possible licensing in the US and abroad "if the product goes well." Moreover he adds: "This has gotten us into a whole new phase of ink chemistry. When we get this one

to bed we'll take what we've learned and work on another ink problem." Two possibilities are instant drying ink ("we have one but it's too expensive") and non-smear ink.

With the approval of Graham, chemist Lyman has made further management changes and spent more money on product development and facilities. Despite his company's three score & ten years, president Lyman likens it to "a strengthened child which is going to begin to run." One added note: "With the industrial growth in the West we're no longer on the far distant coast."

Cal Ink also makes paint colorants and mediums, rollers and other pressroom supplies. The graphic arts department is reportedly the West's largest distributor of commercial cameras, film and graphic arts supplies to photo-lithographers and engravers, etc.

Sales for the September fiscal year just ended are estimated at a record "somewhat over \$20,000,000" compared to \$19,200,000 in fiscal 1960 and double ten years ago. However earnings will be down from last year's \$661,000 or \$1.84 a share "because of a profit squeeze like everybody else plus more money spent on plant start-ups, labor, added management personnel and things relating to long-term growth." Peak earnings were \$2.40 a share in 1955.

In the over-the-counter market Cal Ink common reached a record high of 31 this year but last week traded around 26 which is seven points above the year's low. This makes for a 3.8% yield with the current 25¢ quarterly dividend. About 17% of the 360,000 shares are held by chairman Graham, 10% by Fibreboard Paper Products, the rest by 1,100 outsiders.

Cal Ink which has always concentrated in the West ventured into Canada with purchase of a Vancouver ink maker in 1954; last year it formed wholly owned Calink Chemicals Ltd in Tokyo. This year it expanded its US territory by adding Colorado as its 13th state through acquisition of Western Graphic Products of Denver. Among John Lyman's plans is further expansion "eastward, probably through acquisition." He is not specific about the exact area "but we know where we want to go"—and he gives the impression he means precisely that.

CONTAINERS
National Can Comeback

SEASONED canner Robert S Solinsky has been back in the chief executive's chair for a year and a half at National Can Corp and profits and prospects have brightened during that time. Bob Solinsky relinquished his post of president and chief executive in 1958 because of ill health and took on the less strenuous job of board chairman.

In 1959 profits fell to \$328,000 or 24¢ a share from the 65¢ earned in 1958. The next April chairman Solinsky resumed top command.

Last year, despite start-up costs of three new plants, profits came to \$1,100,000 or 76¢ a share, a threefold increase over 1959. And last week 67-year-old Solinsky predicted this year's earnings will be "much better than 1960."

Explaining the year to date, chair-

man Solinsky emphasizes National traditionally has a very slow first quarter. "There just isn't enough business in the quarter to take care of our overhead. We make lots of cans which we don't ship and bill until customers are ready for them later in the year." Such customers are vegetable packers who operate mostly in late summer.

In 1959 and 1960 National ran deficits in both the first and second quarters. This year the first quarter again was in the red—by 31¢ a share. But the second quarter showed earnings of 19¢ a share *v* a 13¢ deficit the year before. Chairman Solinsky credits the earnings to "efforts to acquire less seasonal business." National's salesmen are going after orders for more year-round products like beer, soft drinks, dog food, oil, and even anti-freeze. Bob Solinsky points out: "Although anti-freeze is a product used in the winter, it is produced and packed the entire year round."

The third quarter, chairman Solinsky reports, "went even better than last year" when the company netted $1.20 for the period. It is usually the best quarter of the year.

For the full year, "because we have taken on a lot of new business, sales could reach $120,000,000" *v* $109,000,000 in 1960. He believes earnings "will justify a cash dividend" but coyly adds "it will be up to the directors." The last cash dividend paid was 12½¢ in 1952. Stock dividends of 6% have been paid annually since 1956. Bob Solinsky adds: "We believe we're on the way toward showing better progress from here on out. We're in a position to do even better next year."

National Canner Solinsky

Earlier this year the company's stock traded at 15¼ on rumors of a merger with Crown Cork & Seal. Both companies denied the reports. Then the stock eased to around 13 but now with the company's improved outlook the shares trade at a new high of 16.

Chairman Solinsky credits National's improved picture in part to its four new plants opened in the last two years. All are close to can markets, resulting in reduced freight charges and more business in the areas where they are located.

As part of an effort to streamline operations, coil cutting lines, which permit use of large coils of plate instead of pre-cut sheets and reduce waste of stock, have been installed in the Central division in Illinois and the Pacific sector in California. Each

line will serve more than one plant and the chairman states: "If they develop the efficiency we think they will, we will put in more lines."

When queried about American Can's announcement of a new machine which produces cans three times as fast as existing machines, Bob Solinsky comments: "National has been at work on this problem for some time." He notes wryly: "Buyers will probably be asking American Can for lower prices now as a result of their announcement."

Can maker Solinsky also notes National's research efforts. Although he declines to elaborate he says National will introduce a new can product later this year.

BANKING

The Gentleman from San Jose

LED by a frank, shrewd, yet genial banker named Joseph Rogers, the 348 employes of the First National Bank of San Jose, Cal have just started an office game of musical chairs which will continue for a year. Working conditions are somewhat hectic but that is the price president Rogers is willing to pay for a $2,000,000 expansion & modernization of his 50-year-old bank building.

First National is the last of ten national gold banks chartered by Congress. In its first years 1874-81 it was called the Farmers National Gold Bank and issued its own gold notes. The present facelift is symbolic of the vitality in the bank and in San Jose, one of the fastest growing US cities. Since 1950 population (now 240,000) has increased 150% *v* 50% for California and less than 20% for the nation. First National's territory of Santa Clara county has boomed at an even faster rate.

A stack of updated growth charts in the mahogany-paneled office of Joe Rogers supports his claim: "We're growing faster yet." In the past decade deposits and capital funds have increased around 1½ times to $111,000,000 and $8,600,000 respectively. Total resources now "exceed $123,000,000." Operating profits in 1960 gained 20% over 1959 to $729,000 or $1.75 a share. For the first nine months of 1961 earnings were $1.31 *v* $1.21 on fewer shares outstanding last year.

Like much of California the key to the San Jose boom is industrial development in an area where food production and processing "still hold their own." Newcomers to the area include the electronics, missile, auto and electrical equipment industries. Examples: Lockheed, IBM, Ford, FMC, GE and Westinghouse.

More Growth

Joe Rogers says the effect of this influx on First National is mixed: "There's a 50-50 chance companies are already customers of other banks with San Jose branches when they come here from the East. On the other hand we've helped a number of them in ways branches of banks from other cities cannot because branches don't have the authority."

First National draws special interest in California because it is a holdout in the nationwide bank merger trend. Says candid president Rogers who joined the bank as executive vice president in 1947 and became president in 1949: "I came in

to keep the bank independent." Now 58, he got into banking "by accident" at the age of 16 in his home town of Baker, Ore. "My father came home one day, announced there was a job at the local bank, asked who wanted it***I spoke first." He was a bank officer of Baker Loan & Trust at 20 and has been an officer ever since, counting moves to First National Bank of Baker, First National of Pomona, Cal and his present bank.

Joe Rogers started the branch system for First National. Since 1947 he has opened eleven branch offices plus two applications "recently approved." This strategy has worked despite invasion by vastly bigger California banks which have planted over 80 branch banks in Santa Clara county. Among them are billionaires Bank of America, Western Bancorp's United California Bank, Wells Fargo-American Trust and Crocker-Anglo.

Banker Rogers has moved fast in other areas. For example, partly aided by size, "this is the first bank in the country to get all checking & savings accounts on magnetic tape." The conversion started in 1960 via a neat, mutually beneficial leasing deal with nearby Stanford University to use their data processing center at night. "We have our own programmers and operators; our own computer will be the next step." One advantage was ready adaptation to a popular new service by California banks—daily computation of interest on savings accounts. "Some banks have had to do this by pencils pushed by officers and everybody," Joe Rogers chuckles.

First National also pioneered

Joe Rogers backs San Jose growth

among Western banks with a credit card plan now in its eighth year. Another "profitable" success is direct auto loans to new car buyers which has shown an increase every month for the past 2½ years.

One of Joe Rogers' goals was reached last year when he and fellow stockholders made the first public offering—260,000 shares of First National stock at $30. Today, following two rights offerings, there are 510,000 shares owned by 3,500 shareholders, mostly Californians. Over-the-counter trading is limited but the shares got as high as 48 in late Summer, still trade near the peak.

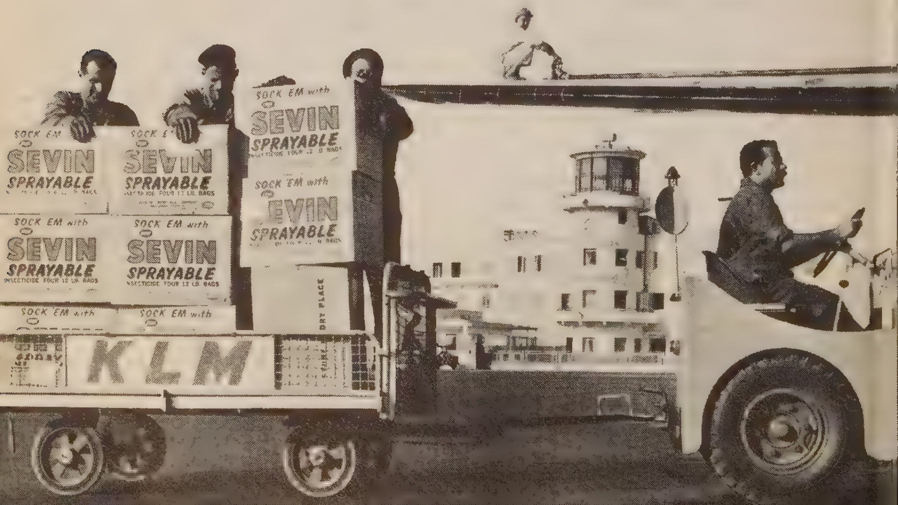
In answer to the question frequently asked: "We definitely have no plans to merge—though who can say for sure. I don't believe it's a sound idea but the stockholders might want it some day. Two years ago I had only one boss—myself. Now I have over 3,000."

INSECTICIDE SAVES EGYPTIAN COTTON CROP

Reminiscent of the Biblical plagues, the fertile Nile River Valley was besieged this Summer by hordes of armyworms. These tough parasites threatened to devour the entire Egyptian cotton crop (see example of their handiwork, top of next page) as well as the corn crop and other vegetation.

With an economic disaster impending, the United Arab Republic summoned help from the West. To the rescue flew the $1.7 billion Union Carbide Company with emergency supplies of its Sevin insecticide. The armyworms had become resistant to commonly used insecticides like DDT. But Sevin, a highly effective new carbamate insecticide, seemed a more promising weapon. Egyptian agricultural researchers had learned about the Carbide product this Spring when the Union Carbide International division sponsored an exhibit at Cairo's International Agricultural Exposition.

Union Carbide began to move the Sevin insecticide immediately after the Egyptian government placed its initial order. Everything from pickups to trailer vans was used to haul the insecticide to the airport. Within 24 hours



the first shipments were airborne. The massive airlift which followed was the largest in commercial aviation history. The big drums of insecticide powder were conveyor-loaded at Idlewild (facing page, upper left). Some 150 planes from KLM, Alitalia, Irish Airlines, Swissair, Pan Am, TWA and Pakistan Airlines were used, both cargo and passenger. On the latter, the drums were strapped right on top of the comfortable reclining seats (facing page, upper right). Cargo planes of the US Air Force Military Air Transport Service (MATS) also helped. All told, over 2,250,000 pounds of Sevin were flown to Cairo during a total three-week period.

Carbide agricultural scientists from Europe and the Middle East were also flown in to help supervise application of the insecticide. On arrival (see unloading operations at Cairo, bottom left) the Sevin was rushed to the fields, mixed with water and sprayed on the worm infested crops. Sevin is less toxic to humans and warm-blooded animals than most insecticides. This was an important reason for its choice as the Egyptian government had to use schoolboys and farmhands unprotected by masks and accessory clothing to spray the many acres of farm land (bottom right). After seven sprayings the insect invasion was slowed and a good part of the crop was saved.

Through a cooperative effort private enterprise thus averted a national economic disaster for Egypt. For its 1,125 tons of insecticide Union Carbide collected a basic price of over $2,000,000. In addition, of course, came the high air shipping costs.

At first the transportation charges (ground and air) were 54¢ a pound of insecticide. But Carbide through its long-established cooperative relationship with the airlines was able to further reduce these charges to 47¢ a pound.

CONTROLS

Barry Wright Reports

ON NOVEMBER 1 executives of Barry Wright Corp will meet at Watertown, Mass headquarters (right outside Boston) to plan next year's "specific" operations and to outline "general" objectives for the next five years. At a similar meeting in 1957, officials of what was then Barry Controls Inc established three basic five-year goals:

- To double Barry business within this period.
- To attain a 15% return on capital after taxes.
- To diversify out of military production to "at least 50% of commercial business" after being "hard hit by the 1957 military cutback."

Barry founder, president and chief executive Ervin Pietz reveals "all these objectives were met last year" when Barry Controls merged with data processing accessories manufacturer The Wright Line Inc of Worcester, Mass to form Barry Wright. After the share-for-share merger in August 1960, Barry's high proportion of defense products was more than offset by Wright's commercial line. In 1959 Barry Controls sales were $5,690,000 (over 60% military); last year combined Barry Wright volume totaled $13,140,000 (65% commercial).

Chief Barry Controls products are shock and vibration control items for the electronics, aircraft and missile industries. But Barry is successfully expanding its customer list for these products; sales to office equipment and industrial machinery makers are increasingly important. Barry's custom-made resilient mountings are sold nationally under Barrymount and Rigidamp trademarks.

Wright Line products include card files, Unitray punch card handling equipment, Unistorall storage cabinets, rotary files and other data processing department items. These products currently contribute half to total Barry Wright volume.

Another company unit is Vlier Engineering of Los Angeles which Barry acquired in 1958. A year later Vlier purchased the West Point Manufacturing Company, now its Wespo division in Detroit. Vlier and Wespo make expendable tooling products.

For Sale

Soon to be sold to "private parties" is the Insco Company of Groton, Mass which Barry bought six years ago. It makes speed changers for strip chart recorders. President Pietz states: "Insco was too diverse from our other operations" as well as "too small to merit diversification of management efforts."

While the Barry and Wright product lines may seem an unlikely match, the consolidation mainly aimed to "strengthen the management of the combined companies, provide operating efficiencies and further the objectives of both Wright and Barry to achieve a broader diversification of products and source of earnings."

The marriage came about partly because Barry and Wright had two directors in common. Ervin Pietz remarks: "This made us quite aware of the Wright Line" which had a similar history. The Barry Controls founder details both companies were incorporated in 1946 and both

"showed about the same growth over the years." Last year there was "less than a $2,000 difference in the results of both companies." The "just-turned-49" president adds: "Neither has ever had a loss year."

On a pro forma basis 1960 sales rose 12% to $13,140,000 while earnings increased 14% to $925,300 or $1.25 a share. In the first half of 1961 volume slipped 3% while net dropped to 61¢ from 72¢. President Pietz explains "some sacrifice of earnings was made to strengthen our operations in the future."

Since then the New England executive reports "Barry up somewhat and Wright Line down somewhat." Looking to full year results, "if Wright Line volume picks up in the fourth quarter, we will do better than last year. If not, we will do about the same." He sees the "high amount of aircraft & missile contract letting" recently as a stimulant for Barry 1962 business since "we have production on many of these projects."

Small Capitalization

Like many another postwar company, Barry Wright's capitalization is small. Of the 742,000 Amex-listed shares, Ervin Pietz notes "about 250,000 shares" are held by him & family, members of the Wright family (founder E Stanley Wright's son David is a company vp) and "close friends." While BAR stock doubled its 1961 low to reach an all-time high of 30 this April, it has slipped back and currently trades around 18. Last week, 2,000 holders of BAR stock received a 12½¢ dividend check, 2½¢ more than had been paid in previous quarters.

MEASUREMENTS
Toledo Scale Balance

SINCE the turn of the century Toledo Scale Corp's products have been familiar to nearly everyone from jawbreaker age on up. However the company is relatively new to investors and arrived on Wall Street in a rather roundabout fashion at that.

Four years ago the privately owned scale king merged $11,400,000-sales Haughton Elevator Company, also of Toledo, which had sold its stock to the public the year before. The marriage resulted in an over-the-counter market for the present 1,500,000 Toledo Scale shares of which "somewhat over half" are owned by directors & management. Since going public the stock has moved within a 16-to-28 range, now trades around 22.

Last year scales, elevators and some commercial kitchen equipment rang up $52,800,000 sales for Toledo or virtually the same as in 1959. Profits however were affected by Haughton which "was burdened with two serious strikes during the year." Thus earnings fell to $2,600,000 or $1.77 a share from $2.04. The decline would have been greater but for 26¢-a-share tax loss carryforward contributed by now-dissolved subsidiary Elevator Maintenance of Los Angeles.

In the first half of this year the company reported a $28,700,000 volume or, says treasurer Frank Kenneth Billett, "about what we did in the same period last year." Profits from operations inched ahead to 66¢ a share from 64¢. But counting the tax credit, last year's first half net came to 78¢ a share.

Frank Billett reports "bookings,

billings and profits are now all running ahead of last year. Profits are about 10% ahead, bookings a little more." The 65-year-old treasurer figures "we will end up the year about where we did last year" which will represent a 15% or so gain in net operating profits.

Contributors to this year's increase are: 1) electronic computing scales and 2) custom-built scales. The latter category varies from machines to determine a missile's center of gravity to systems which "handle 36,000 pounds of grain a minute."

But the big newcomer is an electronic scale tagged Valuematic which Toledo brought out last year. So far demand for the $4,500 machine "has been higher than production. We have not introduced it abroad because we can't meet the local demand." Valuematic "prints the weight, price and computes the value of the goods, then prints and applies the ticket." Toledo Scale also sells a semiautomatic packaging machine to accompany Valuematic.

Toledo thinks of itself as the No 1 scale maker "if you consider the full line." In elevators Haughton is No 3, admittedly "not very close to Otis and Westinghouse." But Frank Billett underlines: "We wouldn't have taken Haughton over unless we felt we could improve its position. We are spending considerable sums on its engineering research." One of the first products to rise from this R & D is an escalator with "smoother, quieter operation."

Valuematic in operation

For "several years" Haughton produced certain operatorless elevators under license from Otis. The agreement, which expired January 1959, limited Haughton's sales of such products to a certain percentage of Otis' own volume. Toledo Scale has filed a suit asking: 1) for a declaratory judgment that Haughton-designed operatorless elevators were not subject to this license and 2) for the entire license agreement to be thrown out as illegal. Frank Billett believes the case "will not come up before next Spring."

The Toledo annual report notes if Toledo's position is not "sustained by the court, the company could have a substantial liability which has not been provided for in the accounts." But the report also stresses neither the company nor its attorneys foresees any "material liability."

Buckeye-born Frank Billett counts on "a substantial sales bulge" from elevators in the next five years. In the same period he predicts both electronic computing and custom scales will show good growth. And "a rackless type commercial dishwasher just getting into production will be a major contributor to a substantial volume increase in our kitchen machine

division." Besides the latter the Toledo kitchen machine division also sells Toledo-made food processing items such as meat choppers and saws.

Over the nearer term, treasurer Billett is "certainly counting on a good increase in 1962." Even so "no increase is contemplated" in the 25¢ quarterly dividend for "we're spending a lot on R&D." The research cost was $1,600,000 last year.

On acquisitions Frank Billett describes his company as "open-minded." Toledo would enter unrelated fields as long as the company it acquired "has the ability to earn money. That," says the straightforward executive, "is what we are in business for."

DRUGS
Tampax Record

ONE of the more spectacular growth records of the past decade has been registered by Tampax Inc, maker of the internal catamenial device for which its name has all but become a generic term. When INVESTOR'S READER first looked at Tampax not quite ten years ago the company, whose product was developed by Dr Earle Haas in 1933, could already boast of substantial success. Gross profit had reached $4,710,000 by 1951, a better than five-fold gain in ten years while earnings had attained a peak of $1,058,000 or $1.18 a share in 1950 *v* 14¢ in 1941.

Since then Tampax prosperity has multiplied further. Heavy Korean War taxes caused a drop in 1951 net but after that each year brought a boost of at least 10%. Last year earnings climbed to $4,018,000 or $4.27 a share (*v* $3.75 in 1959) on gross income of $11,600,000. The 1961 first half brought a further rise to $2.30 a share from $2.06.

Dividends have also risen every year since 1951 when 67¢ was paid. Last year total disbursements came to $2.80 when the 65¢ quarterly dividend was supplemented by a 20¢ extra in November. This year the regular rate has been lifted to 70¢ and since the company's announced policy is to pay out approximately two-thirds of earnings, another extra this Fall would not seem unlikely.

Even more spectacular has been the rise in Tampax stock. The shares which traded below 6 in 1949 and around 15 in 1952 topped 200 in the over-the-counter mart last week. At this price even a lift in the dividend would leave the yield at a mere 1½%.

Tampax has been able to achieve its dramatic growth despite introduction of several competitive tampons including Johnson & Johnson's Meds. And Kimberly-Clark is test-marketing another type of tampon called Kotams for full-scale introduction early next year. But Tampax holds an overwhelming lead in its field. It has benefited not only from the general population growth but also from new generations of customers who did not first have to be lured away from a different type of product.

Active abroad since its early days, Tampax foresees an even greater boom in world markets which it is set to exploit with new plants in Britain and France, sales subsidiaries in

numerous other countries. It also continues to expand its modern, highly automated plants in the US & Canada.

To further its growth, Tampax also maintains a hefty advertising budget. But on corporate and financial news it is rather reticent. The capitalization consists of only 940,000 common shares (no debt, no preferred). Since the stock is unlisted, there is no requirement to report sales. As for current doings, president Thomas F Casey merely admits operations are "on budget" with a rate of growth comparable to recent years.

RAILROADS
Merger Machinations

BEFORE a strictly SRO audience inside the cupola-decked Federal District Court building in St Paul one morning last week, veteran ICC examiner Ralph H Murphy, 50, lifted the curtain on a long-anticipated hearing to consider another railroad merger. If the four roads which wish to unite—the Great Northern, Northern Pacific, Chicago, Burlington & Quincy and Spokane, Portland & Seattle— get ICC blessing they will join tracks across the Northwestern US to form the largest railroad in the country.

As proposed, the new "Great Northern Pacific & Burlington Lines" would connect Chicago, the Twin Cities, Spokane, Seattle and Portland plus cities as far south as Denver, Kansas City and St Louis. Altogether trackage would approach 25,000 miles and total assets would amount to around $2.8 billion.

Legally termed "the case in chief," the railroads' formal presentation was scheduled for completion within a week. First witness was Northern Pacific president Robert S Macfarlane followed in turn by Great Northern's John M Budd, Burlington's Harry C Murphy and Clark A Eckart, president of GN subsidiary Pacific Coast Railway. Supporting these rail men were two Wall Street advisors and William Wyer, president of prominent railroad consultants Wyer, Dick & Company.

As these merger proponents pointed out, "the consolidating companies have many common interests." Great Northern and Northern Pacific, both with total assets over a billion, have split 98% ownership of the longer Burlington since 1901 and also jointly own the SP&S. Chief argument for the merger is an estimated $44,000,000-a-year saving once the five-year unification plan is completed plus "better transportation service."

However the proposal has also aroused stiff and varied opposition. Among dissenters are competing railroads, rail unionists, certain local business interests and at least one state public utility commission.

Though round one got off to a fast start, the hearings promise to drag on for months. In "not later than 30 days" examiner Murphy and the ICC will open round two—cross examination of the railroads, direct testimony of public witnesses both pro & con, followed by further cross examination. After that come circuit hearings in 30 other cities. The ICC's decision is not expected "before late 1962."

Transport Specialist in New Lanes

Greyhound to Acquire Boothe Leasing Corp And to Expand Services

WITH profit margins squeezed in its basic passenger business, $243,000,000-assets Greyhound Corp searches the map for new routes to profits. As soon as ICC approves, the No 1 bus system will begin a new diversification drive by acquiring Boothe Leasing Corp. Founded by D P "Pod" Boothe in San Francisco seven years ago, the company rents out machine tools, computers, dredges, boats and airplanes.

In the first half of 1961 Boothe earned $210,000 or 61¢ a share. Just before the Greyhound acquisition announcement late last month, the 347,000 Boothe shares traded over-the-counter at 38. Each share of Boothe common is to be exchanged for four-fifths share of a new Greyhound $2.25 preferred ($50 par).

The preferred will be convertible into Greyhound common at $27.50 a share for the next five years. Right now Greyhound common is selling on the Big Board around 25 after setting an all-time high of 27 earlier this year. The present price is exactly double the 1958 low.

Greyhound executive vp Clifford Cherry comments: "Boothe has an established record of growth in sales and earnings. Some of the top name companies [Standard Oil of California, General Telephone, Lockheed] are its customers and no one in the field is more highly regarded than Pod Boothe." Greyhound will operate Boothe as a separate entity with 50-year-old Pod continuing as president.

The leasing concept is not entirely new at Greyhound. During the short (1955-58) regime of C&O-trained Arthur S Genet, Greyhound made an excursion into car & truck leasing but the unprofitable venture was sold in 1959 after Frederick W Ackerman was placed in the presidency. Now vp Cherry is careful to assert "there is no direct comparison" between the earlier effort and the Boothe type of leasing.

Greyhound also drives toward greater profitability through fuller utilization of existing facilities. For instance, to put to use the considerable excess capacity in bus baggage compartments it is pushing its Package Express service. Last year this low-cost terminal-to-terminal service was extended to Canada with seven customs clearance points from Boston to Seattle. Cliff Cherry predicts 1961 express revenues will reach $25,000,000, a rise of 21% over 1960.

Express Move

Horizons are also being widened at Greyhound Van Lines. This subsidiary is presently awaiting ICC approval to extend its operations into ten Western states which would put the Greyhound moving men into 46 states all told. Cliff Cherry says: "We find it absolutely essential to have our own operations in these states in order to do a much better job." It should also be "much more profitable."

Another venture is extension of food operations. Greyhound now op-

erates more than 135 Post House restaurants in its own bus terminals (and some older ones at highway meal stops). Cliff Cherry terms them "a very profitable operation." Plans are underway to modernize several present locations, add a few new ones and close some obsolescent old-timers.

Not to be forgotten amidst all these plans is the basic bus service. Greyhound has 300 new Scenicruisers featuring rest rooms, air conditioning and reclining seats on order from General Motors. These are in addition to the 555 new buses delivered in the last year and a half. Currently Greyhound's total bus fleet exceeds 5,000.

The new Scenicruisers are single level but they retain all the advantages of the now-out-of-production double-deckers familiarly associated with the company. But the 983 double-deckers are scheduled to remain on the road for a long time and last month the company began a $13,000,000 refurbishing job which will take about a year to complete.

Currently one of Greyhound's refurbished double-decker Scenicruisers is touring Europe in a joint promotion with Pan American. As Greyhound's part of a tourist-enticing special-fare deal, it offers visitors unlimited travel in the US for 99 days for a mere $99.

Greyhound's regular US customers took fewer but somewhat longer trips during the first half of 1961 than in the year-before period. Consequently revenues increased 2% to an alltime high of $150,000,000. However, earnings were affected by increased labor costs which are as yet unbalanced by increased fares sought in a number of divisions. Thus net income eased to $6,400,000 or 48¢ a share from 52¢ in the first half of 1960.

A less familiar aspect of Greyhound

PRODUCTION PERSONALITIES

HARDWARE

New Management Team Preaches Hard Work At The Stanley Works

HARDWARE & TOOL specialist The Stanley Works has been operating successfully if unspectacularly for 119 years in New Britain, Conn. But in today's over-produced economy, resting on a reputation can be lethal. At least that is the way Stanley's new president Howard Larson Richardson sees it and he has already started a minor revolution.

A youthful-looking 52, Howard Richardson came to The Stanley Works just two years ago in the post of executive vice president. Until then, his entire business career had been devoted to Sylvania Electric Products to which he came after one brief interlude following graduation from MIT in 1932: "I spent my first year out of college raising chickens—jobs were hard to come by in those days." At Sylvania he rose from test engineer to vice president in three different categories (industrial relations, engineering, operations) and finally senior vp.

After only a year and a half with Stanley, Howard Richardson was named president and chief executive officer last March. Since then there have been no less than four other changes in top management as well as a general housecleaning all the way down to the clerical level. Of the four new vice presidents, only one came up through the company, one had been at Stanley for a year and the other two were plucked directly from other companies (GE and Borg-Warner).

But president Richardson insists no wholesale rebuilding of the executive suite is intended: "Remember, this is a 119-year-old company and we have all the strengths and some of the weaknesses that go with it. We are molding together a team of new and older men. Where we've gone outside is where we haven't had talent inside to fill vacant or new posts."

Stanley could hardly have found a more appropriate man to head its revamping than Howard Richardson whose main interest even after 5 PM is the study of management. Practicing his avocation at Stanley, he finds his biggest problem is "there has been a subtle reduction of standards of performance. We are trying to instill a feeling of urgency, a recognition of the need to raise these standards. We must recognize we're approaching many markets and must increase our penetration of them."

Challenge to Work

Chief executive Richardson is concerned with production equipment as well as personnel: "We must redesign our production methods to get higher plant productivity and make products more efficiently so we can hold prices in line." Beyond this, "we are interested in having the company grow in two ways, internally with new products and through acquisitions which we are investigating all the time. With our present equity base we should and can do more business and generate more earnings per share. One of the real

challenges here is we do have assets we can put to work harder."

One of the main strengths of Stanley's 119 years lies in the quality name the company has carved for itself. Frederick T Stanley set up The Stanley Works in 1843 to make wrought-iron bolts, door and chest handles. Ten years later hinges, hooks, chain and similar products were added. New product development and numerous acquisitions have since expanded the Stanley line to 20-to-25,000 items.

Although its proportion of total Stanley volume has declined, the hardware division is still the major one. Its output includes a multitude of builder and industrial hardware from hinges to automatic door-operating equipment.

Second largest division is hand tools, where Stanley has long been recognized as the industry leader. It supplies everything from carpenter precision rules to drills for the do-it-yourselfer and the humble hammer for the housewife. For the more sophisticated builder a third (and smaller) Stanley division turns out power tools such as portable electric saws and sanders.

Of the same sales size as power tools are the steel, steel strapping and drapery hardware divisions. Several new rolling mills installed in the Fifties make the steel division the No 1 producer of cold rolled strip steel in the Northeast. About half its production goes to other Stanley divisions, the other half to outside users from Maine to Virginia. President Richardson would like to maintain "at least 50% of steel sales outside to establish a broader market."

A big inside user of the steel is the strapping division which turns out 375,000 miles of thin-gauge a year. As an important adjunct to the strapping itself, Stanley spends many hours and dollars on the design and manufacture of handling tools which

President Richardson (2nd from left) inspects British plant

are used to apply the straps around shipping containers, bulk items (like brick and lumber), etc with maximum automation. Although financial vice president Garth W Edwards (who came from Sylvania in 1960) admits these tools are "loss leaders," he explains: "Anyone can make steel strapping but customers buy from the company which provides the best, fastest and most economical means of using it." Howard Richardson feels steel strapping along with door operating equipment and power tools have the greatest growth potential among the Stanley lines.

The Stanley-Judd division is second only to Kirsch in the drapery hardware field with its complete line of rods, pleater tape, hooks, etc.

Three smaller divisions complete the Stanley family: 1) Stanley Chemical makes lacquers and industrial and vinyl plastic coatings; 2) Building Specialties manufactures aluminum jalousie doors and windows in Miami; 3) Stanley-Humason in Forestville, Conn specializes in made-to-order fabricated wire products such as springs and screw machine products.

In 1959 Stanley put up $5,175,000 for a joint venture with International Paper called International-Stanley Corp. The Omaha-based company produces and sells patented corrugated freight car doors and car liners which are reinforced with steel strapping. Garth Edwards will not be pinned down to sales & earnings figures but he admits: "We wish every other $5,000,000 we have invested had done as well."

All Stanley divisions are served by an export sales department which markets US-made Stanley products worldwide. In addition, Stanley subsidiaries have their own plants in Canada (hardware, hand & power tools, steel and steel strapping), Britain (hand & power tools), Germany (hardware) and most recently in Italy (a hardware-making branch of the German subsidiary). President Richardson informs: "It is our plan to put more & more emphasis on foreign sales—and on foreign manufacturing when possible."

As for further acquisitions abroad, "let's say we are actively searching for the right kind of opportunity." There have been "preliminary talks" with a number of Common Market and Free Trade Area companies. Eventual expansion into the Pacific area is another possibility. Stanley had a plant in Japan after War I but timing turned out to be "too early."

Europe Pays

The European subsidiaries were not consolidated last year, but an appended note in the annual report advised the British unit earned $555,000 but paid no dividends, used the cash for expansion. The German company netted $148,000 and paid its parent $155,000. Both companies are expected to earn "about the same this year" when "they will be consolidated for the first time."

With the foreign units (except for Canada) excluded, Stanley last year reported sales of $95,500,000. Although this was considerably below the 1959 peak of $105,700,000, it was still the third best year on record. Earnings however were a different story. Faced with the general

recession and continued price deterioration for many products, Stanley profits last year dropped to a 15-year low of $3,000,000 or $1.10 a share. This was barely half of the high set just ten years earlier: $5,955,000 or $2.68 a share (adjusted).

There is however no discouragement at The Stanley Works. Garth Edwards notes orders started to pick up noticeably at the tail end of the first quarter and at this point "backlog is considerably above what it was at year end." At the half sales of $48,700,000 were within 3% of the year before and income came to 56¢ a share *v* 63¢. Stanley counts on at least matching the 39¢ second quarter rate in the last two periods. Howard Richardson says: "Earnings for the full year will improve by a considerable margin—they should be in the $1.30-to-1.50 range," not counting about 17¢ from the foreign consolidation. He expects "1962 will be even better, and that's with increased spending. The organization has done a lot to improve efficiency and of course in 1962 these efficiencies will be effective for the full year." He adds: "We still have a lot more to do but we'll be unhappy if we're not back up to the 1950 record in three years."

Howard Richardson admits foreign competition is "a distinct threat. Lower foreign prices have had an effect on our market pricing but we are fighting to meet the competition and not just abdicate the market." Hardware and handtools have felt the most pressure.

To meet competition both foreign & domestic, Stanley plans to spend some $3,000,000 next year on new product development. President Richardson informs "this is up quite a bit from what it has been," emphasizes: "We're beefing it up." In addition, about the same amount will be spent on capital improvement, mostly on equipment as no new plants or major additions are planned.

Thus far the 2,722,000 shares of Stanley common stock have not anticipated management's optimistic predictions. They trade over-the-counter around 17 bid, midway in the 12-to-23 (adjusted) range maintained for the last decade. After a 2½-for-1 split in 1959 the dividend was raised to 28¢ a quarter but was returned to 20¢ in the last quarter of 1960. Howard Richardson gives no hint on timing but feels payouts should represent 50-to-60% of earnings and states forcefully: "I'd like to see us get back to 28¢."

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TORO TORSO

No more golf club lugging for this gay model who is assisted by Caddy-Master, Toro Manufacturing Corp's newest innovation for the links. The silent caddy which retails at $230 is powered by a rechargeable battery. When its handle is pressed, Caddy-Master "will follow anyone's natural stride up hill and down with only finger-tip guidance." The walking cart follows Toro's 10hp gasoline-driven Golfmaster car introduced last Fall and an electric-powered cousin currently making its debut. Both cars ride for $1,295.

Toro president David M Lilly believes golf course equipment "is a market we belong in." Since 1920 Toro has made fairway mowers. It has also solicited parks, cemeteries, campuses, etc to become the leading maker of institutional grass-cutting equipment. After War II when David Lilly took over (IR, Dec 26, 1956), the Minneapolis company expanded its consumer power mower line and today, although "unitwise Sears is tops, volumewise we are No 1."

Power mowers continued their rapid postwar advance through the July 1959 year but after reaching 4,200,000 units two years ago, industry sales dwindled to 3,500,000 this past season. David Lilly blames the decline on "bad weather and a lag in housing starts." Toro has suffered (though not as much as smaller manufacturers) and in its July 1961 year "sales were close to" the $19,420,000 of fiscal 1960 while profits fell to "about $2.10 a share" from $694,000 or $3.02.

Toro capitalization is very thinly seeded with 40% of the 226,000 shares closely held. The stock trades over-the-counter at 23, down five points from the 1955 high but nearly triple a decade ago. Based on the 35¢ quarterly dividend the stock yields 6.1%.

Dartmouth-grad Lilly is "very bullish about fiscal 1962. Our first six months are going to be pretty good." As recovery stimulators he mentions the improved economy plus "the increasing importance of our replacement market." The 43-year-old executive also counts on new products including five heavy-duty mowers for institutional use.

NO RUBICON

The river Rubicon in northern Italy would probably be unknown to most of us if it hadn't been for Julius Caesar. When Caesar, fresh from his triumphs in Gaul, crossed the Rubicon into Italy in 49 B.C. (over a bridge that was old then and still stands near Rimini) in defiance of Pompey and the Roman Senate, he was committing himself to conquer or die. There was no turning back. And so "crossing the Rubicon" has meant taking an irrevocable step ever since.

Some people think investing in common stocks is rather like crossing the Rubicon. It is, of course, a step to be considered with care beforehand. But investing hasn't the frightening characteristic of being irrevocable. You can sell good stocks just as easily as you can buy them. In fact, you probably should consider selling them if their performance disappoints you—even if you incur a loss by selling. Never consider any investment decision final.

Caesar chose to risk his all in crossing the Rubicon because he was a speculator, a man willing to take long chances for the sake of a big reward. Investing is neither so spectacular nor so dangerous. When you invest, you usually take a smaller risk and hope to achieve more modest gains over a longer period of time.

And remember, you can always change your mind.

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